



Smart Card Initiative

Joint Legislative Oversight Committee on
Information Technology

October 28, 2010



Authorizing Legislation



Senate Bill 897, Section 6.19 directed Office of the State CIO to:

- Coordinate development of Smart Card system with biometrics
- Improve efficiency, enhance service and reduce fraud

Senate Bill 897, Section 10.1 directed DHHS to:

- Implement Electronic Benefit Transfer system for child care subsidy
- Leverage synergies with other electronic card systems like child support enforcement and food and nutrition
- Monitor smart card implementation in Georgia and Texas
- Submit recommendations for card system in NC by May, 2011



Smart card



What is a Smart Card?

- Plastic card with embedded computer chip (credit card size)
- Stores biometric information in secured manner

Why use Smart Card?

- To positively identify person via biometrics
 - finger scan, hand scan, etc.
- Store information in encrypted format
- Can store electronic purse
- Can support digital signature for financial transactions
- Ability to support multiple applications



Magnetic stripe card



What is a Magnetic Stripe Card?

- Credit-card sized plastic card **without** embedded computer chip
- Can store some basic information
- Cannot do processing

Why use a Magnetic Stripe Card?

- To identify person using PIN Number
- Use as debit card for financial transactions



Smart card / Magnetic stripe



Smart card

- \$3 to \$5 Per Card – usually borne by agency
- Need biometric card reader at POS
- Ideal for repeated long term use
- Eliminates fraud
- Consumer acceptance is slow
- Need fallback plan for disabled citizen
- Provider resistance to POS equipment
- Recipient may not use it due to privacy concerns

Magnetic stripe

- Inexpensive – initial cost usually covered by vendor
- Point of sale infrastructure in place
- Ideal use is for couple of years
- Greatly diminishes recipient fraud
- Easy acceptance by consumer
- No need for fallback plan



Use of Electronic Cards in NC



Electronic Access	Current Programs	Future Programs
DIRECT DEPOSIT	<ul style="list-style-type: none"> •DHHS Child Support Enforcement •DHHS Special Children Adoption Incentive Fund •DHHS Adoption Assistance HIV 	<ul style="list-style-type: none"> •DHHS Adoption Assistance •DHHS Low Income Energy Assistance Program •DHHS Crisis Intervention Program •DHHS Child & Adult Food Program
ELECTRONIC PAYMENT/DEBIT CARD	<ul style="list-style-type: none"> •DHHS Child Support Enforcement 	<ul style="list-style-type: none"> •DHHS Crisis Intervention Program
ELECTRONIC BENEFIT CARD	<ul style="list-style-type: none"> • DHHS Supplemental Nutrition Assistance Program / Food and Nutrition Services • DHHS Child Care Program 	<ul style="list-style-type: none"> •DHHS TANF/Work First •DHHS Women Infants & Children •DHHS Farmers Market Nutrition Program •DHHS Refugee Assistance
HIGH SECURITY CARD *		<ul style="list-style-type: none"> •DHHS Medicaid (biometrics not supported by federal partner CMS) •DHHS State & County Special Assistance



Child Support Payment Card



ESC Debit Card



Food & Nutrition Services EBT Card

* High security cards may include biometrics for providing additional identity security

Progress So Far



- Workgroup formed
 - Workgroup talking to vendor and industry analysts
- High level strategy - draft
 - Let business needs and benefits drive use of the appropriate card
 - Categorize business programs for appropriate card
- Discussion/sharing with other states
- Program analysis for overlap and synergy
 - Currently underway - limited to DHHS



Programs being studied



Department of Health and Human Services

- Medicaid: Consumer identification, Healthcare Information access
- Health Choice
- Childcare Subsidy Attendance Recording
- Woman Infants & Children Program (WIC)
- Temporary Assistance for Needy Families (TANF)
- Work First Cash Assistance (access to cash benefits)
- Food & Nutrition Services (access to benefits) (SNAP)
- Energy Assistance (access to cash benefits)
- Adoption Assistance (access to cash benefits)
- Child Support (access to cash benefits)
- Refugee Assistance
- Disaster Assistance
- Special Children Adoption
- HIV Adoption Assistance

DPI – More at Four, Free/Reduced Lunch Program

Department of Agriculture – Farmers' Market Nutrition Program



Next Steps/Timeline



- August – September 2010
 - Planning and preliminary recommendations
- October 2010
 - Complete discussions with states
- November 2010
 - Complete analysis from discussions with states
 - Preliminary selection of pilot applications
- December 2010
 - Final selection of pilot applications
 - Begin development of business cases and RFP(s)
- January - February 2011
 - RFP(s) issued
- February - March 2011
 - Award of pilot project contract(s)



Our Approach



- Engage stakeholders
- Develop workgroup
- Learn from other states
 - Address privacy concerns with use of biometric
 - Policies, training, comprehensive risk analysis
 - Disclosure of privacy protection measures
- Develop strategy and roadmap
 - Select appropriate programs for smart card
 - Leverage investment for future growth in smart card
 - Develop governance for smart card use across divisions and agencies



Our Approach



- **Look for business program synergy**
 - Develop synergy based on business program dependency
 - Prioritize based on business benefits and needs
 - Smart card is not solution for all programs
- **Conduct a pilot**
 - Clearly define pilot program, including card types, business needs, and success criteria
 - Develop Request for Proposal(s)
 - Carefully select vendors and craft contracts
 - Fine tune solution after pilot run
- **Rollout smart card in phases**
 - First rollout within DHHS, then incorporate other agencies
 - Slowly phase out Vendor; State employees take ownership





Questions?

